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C O N F I D E N T I A L MOSCOW 000434

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E.O. 12958: DECL: 02/15/2018

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SUBJECT: DFM LOSYUKOV ON IRAN, PAKISTAN, AFGHANISTAN,
SIX-PARTY TALKS AND JAPAN

Classified By: Ambassador William J. Burns. Reasons 1.4 (B/D).

¶1. (C) Summary. In a February 14 meeting with Ambassador, DFM Losyukov expressed frustration with the Iranian regime's arrogance and inflexibility. Considering Iranian domestic politics, the GOR foresees no serious political discussion occurring prior to its March 14 parliamentary elections. Losyukov expected that the Year of Russia declared for 2008 in India would bring the two countries closer, as was the case in China in 2006. Although the bilateral relationship is improving, he said India was in no hurry to push forward joint work in areas such as civilian nuclear cooperation. He stressed Pakistan's fragility and questioned whether the U.S. democracy agenda might be courting destabilization. Losyukov underlined that Russia was constrained by its past in Afghanistan when it came to military assistance, but was considering aiding certain groups in the North. He said that he remained skeptical of the DPRK's willingness to submit a complete declaration of its nuclear program. Losyukov indicated that the territorial issue would keep relations with Japan on hold for the foreseeable future. In March, Losyukov will leave the MFA to join the state nanotechnology company. End summary.

Iran

¶2. (C) DFM Losyukov told the Ambassador February 14 that the GOR was disappointed with the Iranian regime, which reacted to all U.S. and Russian proposals with the same inflexibility and arrogance. The GOR's continuous engagement policy had made no difference, he said. Although there are different groups in Iran willing to engage in dialogue, the domestic atmosphere precludes serious discussion of Iran's nuclear development plans.

India and Pakistan

¶3. (C) After a brief description of PM Zubkov's visit to New Delhi this week, Losyukov said he hoped the Year of Russia in India in 2008 would boost the bilateral relationship, including the current, low USD 10 billion annual trade volume. He sensed the Indians were cautious about nuclear cooperation with Russia, mindful of the need to balance other players, such as the U.S. Losyukov reported that the Indians were watching events in Pakistan closely and were worried that their bilateral relationship would be spoiled by continuing uncertainty. Losyukov was most worried that the Pakistan government was not in total control. He worried that USG democratization efforts in such a "fragile country" might risk destabilization. The Ambassador pointed out that Pakistan's state of affairs complicates the situation in Afghanistan. Losyukov agreed, arguing that most Pakistanis considered Afghanistan no more than a "special" province of Pakistan. An additional complicating factor is the disharmony

between the Pakistani military and intelligence communities, he added.

Afghanistan

¶4. (C) Losyukov seconded the Ambassador's emphasis on coordinating international efforts in order to combat the narcotics trade in Afghanistan. He suggested further efforts to monitor and stop terrorism and narcotics along the porous Afghan borders. Losyukov noted that the Afghans, unlike earlier in the year, were producing "good quality," processed narcotics, which meant that the necessary ingredients were being transported in bulk from Iran, Pakistan or Uzbekistan. The ease with which raw ingredients and final products migrate across borders demonstrated the urgency of coordination among the U.S., Russia, Iran, Pakistan and Central Asian countries. Losyukov suggested the Shanghai Cooperation Organization as one mechanism, perhaps in informal coordination with NATO. To the Ambassador's question on a possible Russian offer of military assistance to Afghanistan, Losyukov responded that Russia, motivated by fear of the Taliban's return, may be willing to support certain groups in the North -- despite the suspicions this may provoke. Its past experience had made Russia wary of geopolitical games in the region, however.

Six-Party Talks

¶5. (C) Losyukov likened working with the DPRK to walking through a jungle, machete-ing a path, but getting scratched and cut regularly in the process. He sympathized with A/S Hill, but was pessimistic on the future of the talks. He had predicted that the DPRK would be reluctant to submit a full

list of its nuclear programs and since then had heard directly from the North Koreans that they would not include military programs in the list which, according to Losyukov, was the whole reason for the Six-Party Talks. Although he had no knowledge of what the DPRK shared with the U.S. team, he understood that the North Koreans had a different understanding of what was to be disclosed. Losyukov said that the GOR backed the USG desire to make the DPRK nuclear-free but the Six-Party nations must act together. The Ambassador said that the U.S. shared the GOR's frustration with the DPRK, but patience and persistence had to prevail. Losyukov suggested that the U.S. could remove the DPRK from the "lists" or halt the process as a tactic if there is no progress in sight.

Japan

¶6. (C) Per Losyukov, the bilateral relationship has improved steadily, while the search for a resolution of the territorial dispute remains on the agenda. With the long and unfortunate history of confrontation still fresh in the minds of many in both countries, the issue could move forward only with time, when the public is prepared for a compromise. The GOR would be willing to return two islands according to the 1956 agreement, a proposal that had been rejected by the GOJ. The GOR was examining the possibility of creating a common economic development zone, where former Japanese residents of the islands could return and work. What is clear, Losyukov warned, is that the return of all four islands was out of the question. Losyukov said that the GOJ had rejected the GOR's suggestion that FM Komura visit Moscow March 20-21 and was seeking a PM Fukuda meeting with the outgoing or incoming Russian president before the G8 Summit in Hokkaido. That would be difficult to arrange during the transition, Losyukov thought.

Losyukov to the Private Sector

¶7. (C) Losyukov regretted to the Ambassador that the meeting would likely be their last in his current capacity. He plans

to leave the MFA in March for a state nanotech company.
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